

Message Text

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ACTION ARA-15

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E.O. 11652: N/A
TAGS: EINV, TD
SUBJECT: AMERICAN LIFE INSURANCE COMPANY'S LOCALIZATION
NEGOTIATIONS

1. REPRESENTATIVES OF THE AMERICAN LIFE INSURANCE COMPANY (KENNETH KUHNER, HENRY KUNKENMUELLER, JOSEPH ALLEN AND E. F. PAUL) CALLED AT THE EMBASSY SEPTEMBER 7 AND AGAIN ON SEPTEMBER 8 TO ADVISE US OF ALICO'S NEGOTIATIONS WITH THE GOTT ON "LOCALIZATION." THEY MET WITH THE MINISTER IN THE MINISTRY OF FINANCE, MERVYN DE SOUZA, ON THE AFTERNOON OF THE 7TH TO CONTINUE THE NEGOTIATIONS ON THE TERMS OF THE DISPOSAL OF COMPANY STOCK. THE COMPANY IS BEING REQUIRED TO PUT 20 PER CENT OF THE VALUE OF THE COMPANY IN THE HANDS OF PRIVATE TRINIDADIAN CITIZENS BY THE END OF DECEMBER THIS YEAR. IT WILL HAVE TO HAVE REACHED A MINORITY (49 PER CENT) POSITION BY NO SOONER THAN THE END OF DECEMBER, 1980, AND POSSIBLY LONGER IF THAT CAN BE "WORKED OUT." THE COMPANY ACCEPTS THE FACT THAT IT WILL HAVE TO LOCALIZE, AND IS CONCERNED AT THE MOMENT ONLY OVER THE VALUATION OF THE COMPANY THAT WILL DETERMINE HOW MUCH IT WILL RECEIVE FOR EACH SHARE OF DISPOSED STOCK. THEY CLAIM THAT AN INDEPENDENT ACTUARY HAS PUT THE VALUE OF THE COMPANY "CONSERVATIVELY" AT APPROXIMATELY \$35 MILLION DOLLARS (TT) AND "MORE REALISTICALLY" AT \$40 MILLION DOLLARS (TT). PRIOR TO THE MEETING WITH DE SOUZA, THE COMPANY HAD BEEN INFORMED BY

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THE GOTT THAT IT CONSIDERED A "FAIR VALUE" TO BE \$12 MILLION DOLLARS (TT). AT YESTERDAY'S MEETING THE COMPANY OFFICIALS PROPOSED \$25 MILLION DOLLARS (TT) INDICATING, HOWEVER, THAT THEY PROBABLY COULD "COME DOWN A LITTLE" FROM THIS. DE SOUZA COUNTERED WITH \$15 MILLION DOLLARS AND SAID THAT IN ANY EVENT THERE WAS NO POSSIBILITY OF GOING OVER \$20 MILLION DOLLARS (TT).

2. THE COMPANY OFFICIALS STATED THAT THE MEETING WENT ABOUT AS EXPECTED "NEITHER GOOD NOR BAD." THEY ANTICIPATE THAT SEVERAL MORE MEETING WILL BE REQUIRED TO CLOSE THE GAP. HOWEVER, THEY ARE CONCERNED ABOUT TIMING, CLAIMING THAT LITTLE ROOM IS LEFT BETWEEN NOW AND THE END OF THE YEAR TO ARRANGE FOR THE DISPOSAL OF 20 PER CENT OF THE STOCK.

3. THE COMPANY REPRESENTATIVES INDICATED THAT THEY HAD DISCUSSED THEIR PROBLEM LAST FEBRUARY WITH DAS ARELLANO OF ARA AND MICHAEL BOERNER OF EB. THEY WERE NOT AT THIS TIME SEEKING ANY EMBASSY OR OTHER USG INTERVENTION. TWO OF THE REPRESENTATIVES ARE RETURNING TO WILMINGTON TONIGHT AND INDICATED THAT THEY MAY CALL AT THE DEPARTMENT AGAIN TO DISCUSS THE MATTER. O'MAHONY

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